

Message Text

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SUBJECT: DESK STUDY: HUNGARY AS MARKET FOR BUILDING AND MAINTENANCE
EQUIPMENT

USDOC FOR BEWT AND OIM

REF: USDOC 18349 AND BUDAPEST 3832

1. SUMMARY: FOR PURPOSES OF THIS DESK MARKET SURVEY FIVE AREAS WITHIN BUILDING AND MAINTENANCE FIELD ARE COVERED: HOUSING, PRODUCTIVE INVESTMENTS, BUILDING MACHINES, TOOLS AND BUILDING MAINTENANCE. MOST IMPORTANT CONCLUSION IS HUNGARIAN EMPHASIS ON INCREASINGLY MECHANIZED, CONSTRUCTION AND MAINTENANCE. SOME MARKETS FORECLOSED BECAUSE OF DOMESTIC OR COMECON PRODUCTION OF MACHINES AND BUILDING MATERIALS, SOME BY EXISTING CONTRACTUAL RELATIONS WITH WESTERN COMPANIES, AND SOME BY INAPPLICABILITY TO HUNGARY. DOMESTIC PRODUCTION OF SUCH EQUIPMENT WILL CONTINUE TO INCREASE, PROVIDING OPPORTUNITIES FOR PRODUCTION EQUIPMENT MANUFACTURERS. IN GENERAL, CONSULTING ENGINEERS USED HERE ARE EXCLUSIVELY HUNGARIAN. END SUMMARY.

2. HOUSING. HUNGARY'S GREATEST UNSOLVED PROBLEM IS HOUSING SHORTAGE, ALTHOUGH DURING PAST TWENTY YEARS MORE THAN 1 MILLION APARTMENTS HAVE BEEN BUILT. IN SPITE OF
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CONSIDERABLE EFFORTS TO IMPROVE HOUSING SITUATION

NUMBER OF FLATS STILL MUCH LESS THAN PROMISED AND NEEDED. THIS PHENOMENON IS RESULT OF POST-WAR YEARS AND EARLY 1950'S WHEN, INSTEAD OF BUILDING NEW APARTMENT HOUSES, PRIORITY GIVEN TO PRODUCTIVE INVESTMENTS. TO IMPROVE HOUSING SITUATION GOH INSTITUTED 15-YEAR HOUSING PROGRAM FOR PERIOD 1961-75, TO BUILD ONE MILLION FLATS. TO DATE 775,000 FLATS HAVE BEEN CONSTRUCT-

ED AND BY END OF THIS YEAR 80,000 MORE APARTMENTS EXPECTED TO BE READY. MAJOR PROBLEM IS THAT NUMBER OF SUBSIDIZED FLATS STILL LOW AND THUS MOST NEW APARTMENT HOUSES BUILT PRIVATELY. FIFTY-EIGHT PERCENT OF NEW HOUSES HAVE BEEN BUILT IN CITIES.

3. THERE ARE SIGNIFICANT PROBLEMS IN FULFILLING GOALS OF 15-YEAR HOUSING PROGRAM. LAND THAT CAN BE BUILT ON WITHOUT DEMOLISHING OLD HOUSES, THAT CAN BE SUPPLIED EASILY WITH HEATING, ELECTRICITY AND SEWAGE CONNECTIONS, AND THAT HAS SUITABLE SOIL CONDITIONS IS VERY LIMITED. IN SPITE OF LARGE-SCALE DEMOLITION, CONSIDERABLE AMOUNT OF MONEY STILL BEING SPENT TO REPAIR OLD HOUSES, MAINTENANCE OF WHICH IS UNECONOMIC.

4. MOST OF NEW SUBSIDIZED APARTMENT HOUSES BUILD FROM PREFABRICATED CONCRETE UNITS. IN HUNGARY NINE FACTORIES MANUFACTURE PREFABRICATED CONCRETE UNITS FOR BUILDING INDUSTRY; THREE MORE ARE UNDER CONSTRUCTION. EQUIPMENT FOR THESE FACTORIES CAME FROM DENMARK AND SOVIET UNION. BY 1975, OUTPUT OF PLANTS MANUFACTURING PREFABRICATED CONCRETE UNITS WILL BE 34-35000 FLATS PER YEAR. NEW APARTMENT HOUSES USUALLY 8-10 FLOOR BUILDINGS (IN PAST MOSTLY 4 FLOOR APARTMENTS HAD BEEN BUILT); CONSTRUCTION OF HIGHER BUILDINGS EITHER AS APARTMENT HOUSES OR FOR INDUSTRIAL PURPOSES RATHER UNCOMMON. TYPES OF BUILDINGS (INCLUDING PRIVATE HOUSES) REGARDING BUILDING TECHNOLOGY ARE AS FOLLOWS:

BRICK-WALLED BUILDINGS	20.9 PERCENT
PREFABRICATED BRICK-BLOCK BUILDINGS	76.7 "
PREFABRICATED CONCRETE UNIT BUILDINGS	39.2 "
REINFORCED CONCRETE STRUCTURES IN BUILDINGS	3.2 "
CAST CONCRETE BUILDINGS	7.6 "
PREFABRICATED IRON STRUCTURES IN BUILDINGS	41.7 "

AVERAGE APARTMENT HOUSE CONSTRUCTION TIME IS OVER A YEAR (464 DAYS).
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5. PRODUCTIVE INVESTMENTS. FROM 1974 BUDGET GOH INTENDS TO SPEND 118 MILLION FORINTS FOR NEW INVESTMENTS. MOST SIGNIFICANT ARE: DEVELOPMENT OF PVC, MEAT, VISCOSE AND STEEL FACTORIES AS WELL AS INCREASE IN EXISTING NUCLEAR POWER PLANT'S CAPACITY. BESIDE INDUSTRIAL INVESTMENTS, PROBABLY MOST SIGNIFICANT INVESTMENTS ARE NEW HIGHWAY PROGRAM AND PLANNED NEW AIRPORT. 500 KILOMETERS OF HIGHWAY SCHEDULED TO BE BUILT BETWEEN 1974

AND 1985, DURING THE NEXT FIVE-YEAR PLAN PRIORITY WILL BE GIVEN TO THIS INVESTMENT. BY BEGINNING OF NEXT YEAR, HUNGARY EXPECTS TO SIGN CONTRACTS FOR PURCHASE OF EQUIPMENT AND LICENSES WITH ITALIAN, ENGLISH, WEST GERMAN, FRENCH AND JAPANESE FIRMS. NEGOTIATIONS WITH THESE COMPANIES IN PROGRESS. APART FROM HIGHWAY PROGRAM, HUNGARY INTENDS TO PURCHASE SMALL CAPACITY (30-40 KILOMETERS/YEAR) ROAD BUILDING AND MAINTENANCE EQUIPMENT FOR ASPHALTED ROADS. AS WELL AS TUNNEL DRILLING MACHINES FOR CANALIZATION.

6. BUILDING MACHINES. RE BUILDING MACHINES, HUNGARY ONLY PARTLY DEPENDENT ON IMPORTS. BUILDING MACHINES MADE BY HUNGARY ARE AS FOLLOWS: EXCAVATORS, MACHINES PREPARING BUILDING MATERIALS, STRUCTURAL ENGINEERING EQUIPMENT, HOISTING MACHINES, CRANES, LOADERS, POWER TRANSFORMATION EQUIPMENT AND FITTING MACHINES AS WELL AS STEEL CONSTRUCTIONS AND SMALL MANUAL MACHINES FOR BUILDING INDUSTRY. EARTHWORK IN STRUCTURAL ENGINEERING IS 74.9 PKJNT MECHANIZED. PERCENTAGE UTILIZATION OF COLUMN CRANES IS 23.9 THAT OF EXCAVATORS IS 20.6.

7. MAJORITY OF IMPORTED BUILDING EQUIPMENT HAS COME FROM COMECON COUNTRIES (MOST IMPORTANTLY FROM SOVIET UNION) BUT SOME MACHINES ARE IMPORTED FROM WEST EUROPEAN MARKETS (MOSTLY FROM WEST GERMANY, ITALY, GREAT BRITAIN AND FRANCE). ONE COMPLETE BRICK PLANT IMPORTED FROM ITALY (MORANDON CO.), BUT MINISTRY OF CONSTRUCTION A
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CRANES (10-50 TON-METER) AND PUMPS FOR CONCRETE (CAPACITY : 16 M3 PER HOUR). AT PRESENT IN THIS FIELD HUNGARY'S ONLY AMERICAN TRADING PARTNER IS CATERPILLAR CO. REPRESENTED IN HUNGARY BY A LOCAL STATE AGENCY. MACHINES MANUFACTURED AND EXPORTED BY CATERPILLAR ARE BULLDOZERS AND SCOOP SHOVELS. HUNGARY'S IMPORT OF ALL BUILDING MACHINES IS AS FOLLOWS:

1960 1972
(UNITS) (UNITS)

CRABS	845	848		
BUILDING CRANES		28	27	
CRANES MOUNTED ON VEHICLES			250	321
TRANSPORT FACILITIES		268	709	
MACHINES FOR MANUFACTURING BUILDING MATERIALS	146	288		
EARTHWORK MACHINES		266	824	
MACHINES FOR BUILDING MATERIALS				
PRE-TREATMENT		38	511	

8. TOOLS. IN 1960 SMALL MANUAL MACHINES FOR BUILDING INDUSTRY VALUED AT 9.1 MILLION FORINTS WERE IMPORTED BY HUNGARY BUT IN 1972 VALUE OF THIS KIND OF IMPORT WAS ONLY 1.9 MILLION FORINTS AS A RESULT OF INCREASING LOCAL PRODUCTION.

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9. BUILDING MAINTENANCE. IN HUNGARY BUILDING MAINTENANCE IS NOT YET FULLY MECHANIZED. PERCENTAGE MECHANIZATION OF SOME OPERATIONS IS AS FOLLOWS:

PLASTER WORK	26.3
PAINTING	25.3
FLOOR DRESSING AND	
POLISHING	95.3

MECHANIZATION OF MAJOR MAINTENANCE OPERATIONS (FIRST OF ALL CERTAIN SPECIAL JOBS AND INTERIOR REPAIRS) IS PLANNED IN HUNGARY. THUS, HUNGARY NOT MUCH INTERESTED IN BUYING EITHER BASKET-LIFTS OR OTHER LIFTING DEVICES SINCE AVERAGE HEIGHT OF BUILDINGS IS 6-8 STORES. (AT SAME TIME SIMILAR EQUIPMENT CAN BE SEEN IN STREETS BEING USED BY ELECTRICIANS TO REPLACE NEON TUBES AND STREETLAMPS. AS PART OF MECHANIZATION PROGRAM CONTRACT BETWEEN HUNGARIAN INTERCOOPERATION AND AN AUSTRIAN FIRM MUST BE MENTIONED HERE. UNDER THIS CONTRACT HUNGARY HAS PURCHASED SPECIAL HIGH PRESSURE WASHING EQUIPMENT FOR CLEANING BRIDGES AND STATUES. HUNGARY'S EXPORT OF BUILDING MACHINES IS NEGLIGABLE.

10. DURING TALKS WITH REPRESENTATIVES OF BOTH MINISTRY OF CONSTRUCTION AND COMPETENT FOREIGN TRADING COMPANY, IT BECAME EVIDENT THAT AMERICAN EQUIPMENT NEARLY UNKNOWN IN BUILDING AND MAINTENANCE FIELD.
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